

Woodridge to hike retail sales tax to 7.25 percent

By Don Grigas

Staff writer

Woodridge officials say the recently approved 0.5 percent retail sales tax hike was the most resident-friendly option to choose from as the village tries to develop stable revenue streams for future budgets.

During the Sept. 21 regular Village Board meeting, trustees unanimously approved an ordinance raising the village's retail sales tax from 6.75 percent to 7.25 percent effective Jan. 1, a move expected to generate an additional \$1.5 million annually beginning with fiscal year 2007-08.

The village's fiscal year begins May 1 and ends April 30.

It was the first time Woodridge has acted to supplement the state's standard sales tax rate, of which municipalities receive 1 percent from the state in monthly reimbursements.

According to Deborah Freischlag, director of finance for Woodridge, the village budgeted \$4.4 million in retail sales tax revenue for the 2006-07 fiscal year. If the village's projections are correct, sales tax revenues will increase 34.1 percent in the 2007-08 fiscal year as a result of the board's decision.

The impact on shoppers would be an additional 50 cents on a purchase of \$100 worth of applicable goods.

It will take more than six months for the village to begin reaping the financial benefits of the move.

"The ordinance had to be placed on file with the Illinois Department of Revenue by Oct. 1; it takes effect Jan. 1; and it takes about two months for the Department of Revenue to process (tax receipts), so the village will probably begin seeing the additional revenue sometime in April 2007," Freischlag said.

Half of the additional revenue will be earmarked for the village's storm-water and stream-bank stabilization expenses, and the other half for "reinvestment," particularly the redevelopment of the Pine Ridge Apartment complex on Janes Avenue, Freischlag said.

Over the past year the village has discussed the possibility of investing village funds to redevelop some sites along the South Janes Avenue Corridor, with one priority being the development of additional senior housing.

At an April 6 budget workshop, trustees and staff discussed several options for increasing village revenues, including the possibility of implementing a transitional storm-water utility fee that could have generated \$1.75 million over a five-year span.

A storm-water utility fee, which could be implemented some time in the future, would have cost Woodridge residents about \$36 per year, according to Freischlag.

Trustees favored the sales tax rate hike instead of other options because, they said, a sales tax rate hike would have less impact on Woodridge residents than other options reviewed.

Shoppers from out of town will contribute heavily to sales tax receipts, thereby relieving some of the tax burden on Woodridge residents, officials said.

"The sales tax increase probably has the least (financial) impact on Woodridge residents," said Mayor William Murphy.

Officials said the move was necessary to help alleviate an annual \$500,000 shortfall attributed to costs associated with the village's storm-water service.

According to a staff report submitted to trustees prior to the Sept. 21 action, the sales tax increase "would be in keeping with, or below, the sales tax charged by neighboring communities."

An Illinois Department of Revenue Web site -- which lists all Illinois municipalities and the sales tax rate levied by each as of July 1, 2006 -- shows Woodridge's 7.25 sales tax rate is lower than the 8.0 percent levied by Bolingbrook and the 7.5 levied by Darien, and is equal to the 7.25 percent levied by Downers Grove.

The sales tax rate for Naperville and Lisle is 6.75 percent each.

The base sales tax rate set by the state is 6.25 percent, but some counties levy their own tax on top of that amount.

DuPage County's rate of 6.75 includes an additional amount earmarked for Lake Michigan water, Freischlag said.

Will County's rate of 6.5 includes an additional 0.25 percent for a regional transportation tax, according to Kirk Openchowski, finance director for Romeoville.

Home rule municipalities are allowed to levy additional sales tax rates, non-home rule communities -- those with populations less than 25,000 -- cannot raise sales taxes unless they get voter approval.

Woodridge is a home rule community.

The home rule sales tax has some restrictions, and cannot be applied to the sale of tangible, titled property such as real estate, cars, motorcycles and airplanes. Other exemptions include groceries and some medical supplies and equipment.

Food prepared for immediate consumption, such as fast food, is not exempt.